(b) if so, World Bank's response thereto so far?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD): (a) No, Sir.

(b) Does not arise.

Setting up of Cyber Regulation Appellate Tribunals

†371. SHRIMATI KUM KUM RAI: Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether Government have set up Cyber Regulation Appellate Tribunals;

(b) if so, the number of tribunals set up by Government so far and the locations thereof; and

(c) the number of cases forwarded to these tribunals so far and the number of cases disposed out of them?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD): (a) No, Sir.

(b) and (c) Do not arise.

Investment in Telecom Sector

372. SHRI JANARDHANA POOJARY: Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether Government has increased the FDI limit in telecom sector from 49 per cent to 74 per cent;

(b) if so, the details in this regard;

(c) the details of overseas entities which have evinced interest in investing in Indian telecom industry; and

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†Original notice of the question was received in Hindi.

(d) the guidelines and terms and conditions for such investment?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD): (a) Yes, Sir.

(b) Salient features of the decision are given in the Statement (*See* below).

(c) No fresh proposal has been received by the Government after the announcement of enhancing Foreign Direct Investment (FDI) limits in telecom sector.

(d) New guidelines for FDI in telecom sector are expected to be issued shortly.

Statement

Increase in FDI Ceiling to 74 per cent In Telecom Sector

The Union Cabinet on 02.02.2005 approved a proposal to enhance composite foreign holding in Telecom Sector to 74 per cent. With this decision, the current FDI ceiling in the Telecom Sector in certain services such as Basic, Cellular, Unified Access services, National/International Long Distance, V-SAT, Public Mobile Radio Trunked Services (PMRTS), Global Mobile Personal Communications Services (GMPCS) and other value added services, has been increased from 49 per cent to 74 per cent.

The total composite foreign holding including but not limited to investments by Foreign Institutional Investors (FIIs), Non-Resident Indians (NRIs), Foreign Currency Convertible Bonds (FCCBs), American Depository Receipts (ADRs), Global Depository Receipts (GDRs), convertible preference shares, proportionate foreign investment in Indian promoters/investment companies including their holding companies, etc., will not exceed 74 per cent. Thus, 74 per cent foreign investment can be made directly or indirectly in the operating company or through a holding company. Hence, the remaining 26 per cent will be owned by resident Indian citizens or an Indian Company (*i.e.* foreign direct investment does not exceed 49 per cent and the management is with the Indian owners). It is clarified that proportionate foreign component of such an Indian Company will also be counted towards the ceiling of 74% . The licensee

will be required to disclose the status of such foreign holding and certify that the foreign investment is within the ceiling of 74% on a half yearly basis.

While enhancing the FDI ceiling, certain conditions have been put in place to safeguard the national interest. The salient conditions are:

(a) The majority directors on the Board including Chairman, Managing Director and CEO shall be resident Indian citizens. The Share Holder Agreements (SHA) shall specifically incorporate this condition and also envisage the conditions of adherence to Licence Agreement.

(b) In order to ensure that at least one serious resident Indian promoter subscribes reasonable amount of the resident Indian shareholding, such resident Indian promoter shall hold at least 10 per cent equity of the licensee company.

(c) Chief Technical Officer (CTO)/ Chief Finance Officer (CFO) should be resident Indian citizens. The Licensor/DoT shall also be empowered to notify any key positions to be held by resident Indian citizens.

(d) No traffic (mobile and landline) from subscribers within India to subscribers within India shall be hauled to any place outside India.

(e) The Company shall not transfer the following to any person/place outside India:

  (i) any accounting information relating to subscribers (except for roaming/billing) (note: it does not restrict a statutorily required disclosure of financial nature);

  (ii) user information (except pertaining to foreign subscribers using Indian Operator's network while roaming); and

  (iii) details of their infrastructure/network diagram except to telecom equipment suppliers/manufacturers who undertake the installation, commissioning etc. of the infrastructure of the licensee company on signing of non-disclosure agreement.

These conditions shall also be made applicable to the companies operating telecom service (s) with existing FDI ceiling of 49 per cent. With the above dispensation, the present provisions in FDI policy for investment company will no longer be applicable for Telecom Sector as

indirect foreign investment in the licensee company will also be counted towards sectoral cap of 74 per cent.

In case of not adhering to licence conditions now being imposed for addressing security concerns, the licence(s) granted to the company shall be deemed as cancelled and the licensor shall have the right encash the performance bank guarantees and the licensor shall not be liable for loss of any kind.

Increase of tele-density

373. SHRI MATILAL SARKAR: Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) the position of tele-density of each State and Union Territory of the country;

(b) the schemes of the BSNL to increase the position of the tele-density in the States where the present position is almost at the bottom; and

(c) the All India and State-wise programme of providing cell phones to significantly add to the rise of tele-density?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD): (a) The State-wise and Union Territory-wise tele-density as on 30.6.2005 is given in Statement-I (*See* below).

(b) Following steps have been taken by BSNL to improve the tele-density particularly in areas where it is very low:

(i) Large scale deployment of WLL network in rural areas.

(ii) The norms for laying of outdoor cable for wireline connections have been relaxed from 2.5 Kms to 5.0 Kms wherever such demand exists.

(iii) Mobile network in all the highways, important towns, pilgrim centres and State highways are deployed to provide coverage to more areas.

(c) The State-wise plan for provision of cell phones during the current year is given in Statement II.